

STATE MEDICAL ASSISTANCE

**THE
SPEND-DOWN
PROCESS**

How to Qualify?

..... When Your Income Is Too High!

**State of Connecticut
Department of Social Services
25 Sigourney Street
Hartford, Connecticut 06106-5033**

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Deaf and hearing impaired individuals may use a TTD/TTY by calling 1-800-842-4524. Questions, concerns, complaints or requests for information in alternative formats must be directed to the Government and Public Relations Office at (860) 424-5010.

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What is State Medical Assistance?

State Medical Assistance is a health care program operated by the Department of Social Services. It is also called **Medicaid** or **Title XIX**. The Medical Assistance program pays for medical care and treatment the same as private health insurance. Most medical expenses are covered, including doctors fees, hospital bills, prescriptions and nursing home care.

To qualify, you must be a resident of Connecticut and meet other program requirements. You also must fall into one of the following eligibility groups:

- Pregnant women
- Children under 21 years of age
- Single parent, and some two parent families with minor children
- Elderly persons over the age of 65
- Disabled persons over the age of 18
- Individuals who are blind

Are there any limits to the amount of income or assets a person can have?

Yes. Income and assets must be below certain limits to qualify. The limits vary depending on the size of your family and which eligibility group you are in. We use these limits to determine if you have enough money to pay your medical bills. This is referred to as "means testing." You must pass the means tests to get Medical Assistance.

An important point to remember is that we do not count all your income and assets. For example, if you own the home you are living in, its value is not counted toward the asset limit. We also deduct certain expenses from your income and some types of income are not counted at all. This is why you should not try to decide if you are eligible on your own. Only trained staff can tell you if you qualify for Medical Assistance.

What happens if my income or assets are over the program limit?

Asset limits are fixed limits. You are not eligible for medical assistance if your assets exceed the limit, even if you are over by as little as \$1.00. However, some eligibility groups do not have an asset limit. Pregnant Women with income under 185% of Poverty is one example of an eligibility group that does not have an asset limit.

Income limits also are fixed, but in some cases you can still qualify even if your income is over the limit. This is because of a process called "**Spend-down**." Spend-down lets you reduce or *spend down* your excess income to bring it within the program limit. Excess income is the amount of income you have over the program limit.

How does spend-down work?

The spend-down process uses medical bills as income deductions. The medical bills are subtracted from the excess income. The more bills you subtract, the lower the excess income gets. Once the excess income is used up, you become eligible for Medical Assistance.

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Example: An elderly man applies for medical assistance in January. He has \$286.86 excess income. On February 10, he goes to the dentist. He receives a bill for \$400 and sends the bill to his DSS worker. The worker subtracts the bill from his excess income leaving him a balance of \$0.00.

\$286.86 excess income - \$400 doctor bill = \$0 excess income

In this example, the man is eligible for Medical Assistance beginning February 10. That is when the excess income was used up (or spent down) by his medical bills. It does not matter when the man receives the bill or when he pays it. We subtract it on the day he went to the doctor.

Who pays the rest of the bill if the excess income is only \$286.86?

We do. You are only responsible for paying \$286.86 of the bill. We will pay the rest as long as the work the doctor performed is covered under the Medical Assistance program.

Is that all there is to the spend-down process?

Spend-down is actually a little more complicated than the example. For one thing, income is usually calculated over a six month period rather than monthly. This is done by comparing your income for 6 months to the program limit for the same 6 months. The excess is the amount of income you have over the 6-month limit. (Remember not all income is counted!)

In the example above, \$286.86 was the man's total excess income for 6 months, not the monthly excess. The following example will show you how we arrived at that amount.

Example: The man's received \$707 per month from his Social Security pension. Only \$524 per month counts toward the program limit. The limit for January to June is \$2,857.14

\$524 monthly income x 6 months = \$3,144 income

\$3,144 income - \$2,857.14 limit = \$286.86 excess income

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Is excess income always counted over a six-month period?

No. The law requires us to provide medical benefits for up to 3 months before the month of application. This is called the retroactive period. Income is counted separately for each month of the retroactive period. You do not have to ask for these benefits when you apply. We automatically give them to you if you are eligible.

Does coverage continue forever once the excess income is used up?

No. You are eligible from the day the income is spent down to the end of the 6-month period. We will review your eligibility before the period is over to see if you qualify without a spend-down. If you are still over the income limit, we will establish another 6-month spend-down period and start the process again.

In the first example, the man became eligible on February 10 when the excess income was used up. The spend-down period ended in June. If his income does not change, eligibility will end on June 30. We will start a new 6-month spend-down period for him beginning in July. He will be eligible again once he has at least \$286.86 in new medical bills to deduct from the excess income.

What kind of medical bills can be used as deductions for spend-down?

The bills must be ones that you owe or have recently paid. They also must belong to the person or persons requesting Medical Assistance. In some cases we are required to count the income of a parent or spouse, even if the parent or spouse does not request Medical Assistance. The parent or spouse's medical bills can be used as deductions in these cases.

Bills covered by insurance or paid by a third party cannot be deducted; however, you can deduct the cost of the insurance. We can only use medical bills that you are responsible for paying. If the bills are covered by private health insurance, only the portion of the bill the insurance does not cover can be deducted. If insurance pays the whole bill, it cannot be used. The only exception is when a bill is paid for you by the state or by a local town. You can deduct the bill as long as no federal money was used to help pay the bill.

Another thing to remember is that you can only deduct the same expense once. You may deduct a part of a bill as long as it has not been paid and the part you are deducting was not used before.

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What kinds of medical bills do you consider?

Medical bills are for medical care and treatment. Some examples of medical bills include the following:

- care from doctors, dentists, clinics and hospitals
- prescriptions, medical supplies and equipment
- private health insurance premiums
- nursing home care
- the cost of medical transportation
- lab fees and X-rays
- physical therapy
- occupational therapy and home nursing care

Can anyone use spend-down to qualify?

No. You must be ineligible for medical assistance because your income is too high and for no other reason. For example, you could not use spend-down if your income and assets were too high. You would have to reduce your assets before the spend-down process could begin.

Are all spend-down periods from January to June or from July to December?

No. January to June was used only as an example. The 6-month period can start or stop in any month depending on when you apply or when the income goes over the limit.

How will I know if I can use the spend-down process to qualify?

There actually is very little for you to do. You will get a written notice from us when a decision is made about your eligibility. If you are over the income limit but meet all the other program requirements, you will get a "Spend-down Notice." The notice will tell you how much excess income you have and ask you to send records of your medical bills to us. Your worker will take care of figuring out the deduction. It is very important that you keep records of your bills.

Who should I contact if I have any other questions?

If you have any questions about spend-down or the Medical Assistance program you should contact the Department of Social Services. If you already have applied or are receiving assistance, please contact your worker at the local district office. If you do not have a worker, you can contact us at the office located near you. Please see the next page for a listing of Department's offices.